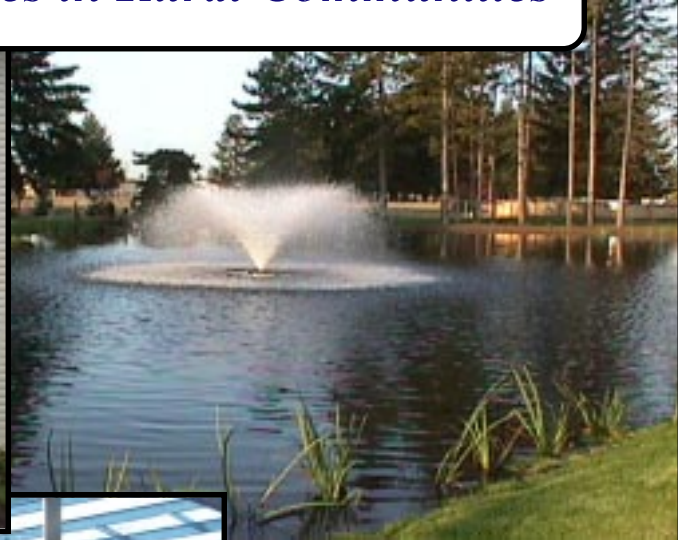




RURAL DEVELOPMENT WASHINGTON STATE



Creating New Opportunities in Rural Communities



ANNUAL REPORT
FISCAL YEAR 2002

Table of Contents

<i>Message from State Director-----</i>	<i>Page 1</i>
<i>Messages from Secretary of Agriculture and Under Secretary of Rural Development-----</i>	<i>Page 2</i>
<i>Administrative Programs-----</i>	<i>Page 3</i>
<i>Community Programs-----</i>	<i>Pages 4-7</i>
<i>Rural Utilities Service</i>	
<i>Community Programs-----</i>	<i>Pages 8-9</i>
<i>Community Facilities</i>	
<i>Rural Housing Service-----</i>	<i>Pages 10-13</i>
<i>Single Family Housing</i>	
<i>Fiscal Year 2002 Lending Statistics for All Programs by County-----</i>	<i>Page 14</i>
<i>Fiscal Year 2002 Lending Statistics for All Programs by Congressional District-Chart----</i>	<i>Page 15</i>
<i>Fiscal Year 2002 Lending Statistics for Native American Tribes/Tribal Members-Graph--</i>	<i>Page 15</i>
<i>Rural Housing Service-----</i>	<i>Pages 16-17</i>
<i>Multi-Family Housing</i>	
<i>Rural Business-Cooperative Service-----</i>	<i>Pages 18-21</i>
<i>Office of Community Development-----</i>	<i>Pages 22-23</i>
<i>Civil Rights-Limited English Proficient Customer Assistance-----</i>	<i>Page 23</i>
<i>Map Reflecting Service Areas for Single Family Housing Program-----</i>	<i>Page 24</i>
<i>Rural Development Office Directory-----</i>	<i>Page 25</i>



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ON-LINE at:
www.rurdev.usda.gov/wa

USDA Rural Development State Office located in Olympia, WA

Message from Washington State Director



Dear Fellow Washingtonians,

We are pleased to report on the activities of USDA Rural Development within our state for Fiscal Year (FY) 2002.

By working together as three separate but united sister agencies under the umbrella of USDA Rural Development in Washington State, each of our 83 employees have played a crucial role during FY 2002, helping improve the quality of life for rural residents of Washington. Much has been done this past year, and in the following pages you will see many successes; however, the work of delivering programs and services is never ending, and much work still remains. The Farm Bill of 2002 gave us new programs to implement this year, including increased program dollars in Community and Business areas, such as Water and Wastewater backlog loans and grants, and Agricultural Value Added grants. Many other new programs are authorized and will be rolled-out in FY 2003, subject to Congressional appropriation.

I am proud to report that performance has improved in nearly every aspect of program and assistance delivery, since we instituted a minor restructuring of our delivery process in Washington last year. This is in spite of the pressures of new programs, with no corresponding increase in employee numbers or support dollars. What that means is that our staff was more effective than ever, and worked very hard to serve the citizens of rural Washington. Obviously, priorities had to be set and we could not do everything we wanted to do, but we accomplished a lot for the taxpayers of this State. As you read this year's report, we hope you will have a better idea of how USDA Rural Development, under the capable leadership of President George W. Bush, and Secretary of Agriculture, Ann Veneman, is fulfilling its mission to create new opportunities for rural people in Washington.

We want to thank our partners in State and Federal Agencies, as well as numerous non-profit groups for their advice and assistance in our prioritization and delivery. Without this close alliance, we could not possibly succeed. We also appreciate the interest in, and support for our work that was provided by State and Federal elected representatives.

We also recognize that rural citizens know best what is needed in their communities, and we attended grass roots meetings to work with, and hear from rural citizens, so we could better meet their needs. Our partners, again, assisted us with that, including the Rural Development Council, Food and Agriculture Council, Wheat Growers Association, Center for Latino Farmers, Affiliated Tribes of NW Indians, Infrastructure Assistance Coordinating Council (IACC), Washington Community Economic Revitalization Team (WA-CERT), Five Star Enterprise Community, Lower Yakima County Rural Enterprise Community (LYCREC), and many, many others. We thank them for their assistance.

Mostly, we thank our customers for the patience to work through some tough obstacles, a maze of Federal paperwork, and the priorities we have that do not always match theirs.

Sincerely,

A handwritten signature in blue ink, reading "Jackie J. Gleason".

Jackie J. Gleason
State Director



Secretary of Agriculture

Ann M. Veneman

This past year the Bush Administration continued a strong commitment to expanding jobs and bringing renewed economic opportunities to rural America through strong leadership and strengthened programs.

One of the President's top priorities is to create new jobs and help spark economic growth. The tax relief package that the President signed into law in 2001 continues to help families throughout America and USDA's Rural Development programs are also creating new opportunities. In 2002, for example, economic grants and loans provided by USDA helped create or protect more than 150,000 rural jobs. As well, rural development programs provided more than \$12 billion in economic infrastructure grants and loans, helping improve education, healthcare, telecommunications, water treatment facilities, fire protection efforts, and other community centers.

However, USDA's commitment to improving rural America didn't stop there. Employees worked with local communities to provide homeownership financing for more than 42,000 families. These efforts are helping move closer to reaching the President's goal of increasing minority homeownership by fifty percent in five years.

The Farm Security and Rural Investment Act of 2002 signed by the President last May provides new resources and programs aimed at making continued progress in rural America. This includes new grant programs to assist in the development of renewable energy sources; funding to expand the availability of information technologies; and financing for community water and wastewater improvements.

As we embark upon a new year, we have a strong agenda and many opportunities to strengthen America's rural communities. The Administration will continue to build upon the principles outlined in our policy publication, *"Food and Agricultural Policy: Taking Stock for the New Century"*. Our team at USDA will continue working with all interested parties and build new coalitions to help families, create jobs and invest in America's rural sectors.



Under Secretary for Rural Development

Thomas C. Dorr

A strong and vibrant economy in rural America serves as the cornerstone of President Bush's economic agenda. USDA Rural Development is working hard to expand economic opportunities and improve the quality of life for all of the 59 million Americans living in rural communities. Through the efficient and effective delivery of Rural Development initiatives, new jobs have been created, home ownership has increased and families and businesses have been strengthened. New investments and entrepreneurial spirit will continue to grow, bringing increased opportunity to rural areas.

I know and understand that rural Americans are resilient and share a pioneering spirit that will once again forge new frontiers in the future. In this same spirit, USDA Rural Development's challenge is to look beyond today and to envision a better way to work with America's rural communities to improve existing partnerships, and forge new ones.

...we have accomplished much in fiscal year 2002. I commit USDA Rural Development to administer all our programs and policies fairly, equitably, and honorably. It is the right thing to do, it is what I believe, and I will tolerate nothing less. Through our collective hard work we will continue to increase the economic opportunities in rural communities and improve the quality of life for all rural Americans.

Administrative Programs

Our current staff of eighty-three successfully provided program and administrative assistance while continuing to streamline our organizational structure. Emphasis was placed on improving our recruitment process during Fiscal Year '02.

Human Resources manages a variety of programs from benefits, classification, processing personnel actions to recruitment. We have utilized the Employee Assistance Referral Network (EARN) program, a private organization, to promote hiring of individuals with disabilities. In addition, a Hispanic Employment plan has been negotiated with labor and management to eliminate barriers to employment, increase and expand types of recruitment actions, raise awareness of Hispanic under-representation in employment, and provide for enhanced employee leadership and career development.

Vacancy announcements are advertised through merit promotion and are advertised open recruitment. Jobs are open to any U.S. Citizen. The web site for job vacancies is: www.usajobs.opm.gov

Through increased recruiting efforts we will have a more diversified workforce. There are many individuals who have expressed enthusiasm and a willingness to work for the Federal Government.

Our dedicated staff continues to make a difference in Washington State and we take pride in delivering Rural Development programs and providing administrative assistance.

CONTRACT SERVICES



USDA Rural Development in Washington State procures a variety of items and services from local vendors. Examples are: appraisals; lead-based paint inspections and abatement; property clean-up, winterization, maintenance, repairs, security, inspection services; as well as office and computer supplies. We attend local procurement fairs annually in order to meet small business owners, and are committed to making every effort to award contracts to local small businesses.

The Small Business Administration (SBA) Pro-Net (a procurement network) website is used extensively to find local contractors capable of performing projects in our State. Contractors are identified by their ownership data; i.e., disadvantaged, 8(a) disadvantaged, woman-owned, HUBZone, veteran, service-disabled veteran, native American, as well as business type. Contractors are encouraged to contact SBA by accessing <http://www.sba.gov> or telephoning either the Seattle (206) 553-7310 or Spokane (509) 353-2800 local office.

USDA Rural Development procures supplies or services under \$2,500, and construction projects under \$2,000, either by purchase order or Government credit card. We obtain either oral or written competition, depending on the project, for procurements over these amounts, but less than \$25,000.

Business opportunities over \$25,000 are posted directly to FedBizOpps (FBO) via the Internet. www.FedBizOpps.gov is the single government point-of-entry for Federal government procurements exceeding \$25,000. Through one portal, FBO, commercial vendors seeking Federal markets for their products and services can search, monitor and retrieve opportunities solicited by the **entire** Federal contracting community.

USDA Rural Development in Washington State has approximately 70 Blanket Purchase Agreements with small business, local contractors for performing various services on a rotational basis during a fiscal year. Additionally, we issue approximately 200 contracts for miscellaneous services from small businesses. Each office has one individual responsible for preparing and paying non-contractual purchase orders. We work together to obtain the services and supplies our programs and individuals need, and to get contractors paid in the most expedient way possible.

Community Programs

Rural Utilities Service

USDA Rural Development administers various infrastructure programs through the Rural Utilities Service (RUS) to improve the quality of life and promote economic development in rural America. Basic infrastructure needs must be met in communities to serve as a foundation for other essential services and economic stability.

Water and Waste Disposal Direct Loan and Grant Program provides loan and grant assistance to public entities, such as municipalities, counties, special-purpose districts, Indian Tribes, and to non-profit corporations. The funds may be used to develop water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and towns up to 10,000 in population. Applicants must be unable to obtain credit elsewhere. The maximum term on all loans is 40 years and the interest rate is set periodically based on current market yields for municipal obligations. Grant assistance may be available in some instances, for a maximum of 75 percent of the eligible project costs.



Eatonville Wastewater Treatment Plant completed this year with funding from RUS and partners

Water and Waste Disposal Guaranteed Loan Program offers loan guarantees to conventional lenders financing water and wastewater systems in rural areas of the state. The loans may be made to those entities eligible for the direct program, though guarantees cannot be issued on tax-exempt obligations or loans made by Federal and

State agencies. Rates and terms are negotiated between the lender and client. The maximum loan term is 40 years or the useful life of the facility whichever is less. Loan guarantees are available for up to 90 percent of the eligible loan amount. The lender is charged a one-time guarantee fee and the charge may be passed on to the client.

In Fiscal Year 2002, RUS provided over \$30 million in direct loans, grants, and loan guarantees to 22 communities and Tribes, who will serve 15,518 residences with clean drinking water and adequate sewer facilities.

Solid Waste Management Grant Program offers grants to public and private non-profit organizations to provide technical assistance and training to reduce or eliminate pollution of water resources and improve planning and management of solid waste facilities. Grants are available in rural areas and towns with a population of 10,000 or less.

Technical Assistance and Training Grant Program makes funding available to non-profit organizations to provide technical assistance and/or training to associations located in rural areas. The assistance is available to help rural water and sewer systems with operational, financial, and managerial needs. As part of two national grants, associations in Washington State may access services through Evergreen Rural Water Association and Rural Community Assistance Corporation.

“Virtual” Ribbon Cutting Event for Distance Learning & Telemedicine Project at Sunnyside Hospital



Distance Learning and Telemedicine (DLT) Program is designed to meet the educational and health care needs of rural America. Through loans, grants, and loan and grant combinations, advanced telecommunications technologies provide enhanced learning and health care opportunities for rural residents. The grants have a 15% matching requirement. The loan applications have no matching requirement, the terms may be up to ten years based on the security, and interest rates are based on the treasury rate. The ratio of loan to grant financing in the combination loan/grant program is \$10 loan to \$1 grant.

Two Distance Learning and Telemedicine projects were selected for funding this fiscal year. The projects will enhance educational opportunities for students and provide beneficial training for teachers through new technology.

Telecommunications Program offers a variety of programs to help build the high-quality information pathways that serve rural America today. The program offers hardship loans, cost-of-money loans, and guaranteed loans to facilitate the productivity-enhancing, modern infrastructure.

Electric Program provides financing for electric distribution and sub-transmission facilities in rural areas. Financing is offered through hardship loans, municipal rate loans, and guaranteed loans. Ninety-six percent of the rural systems that are currently financed are owned and operated by the consumers who use them through non-profit cooperatives.



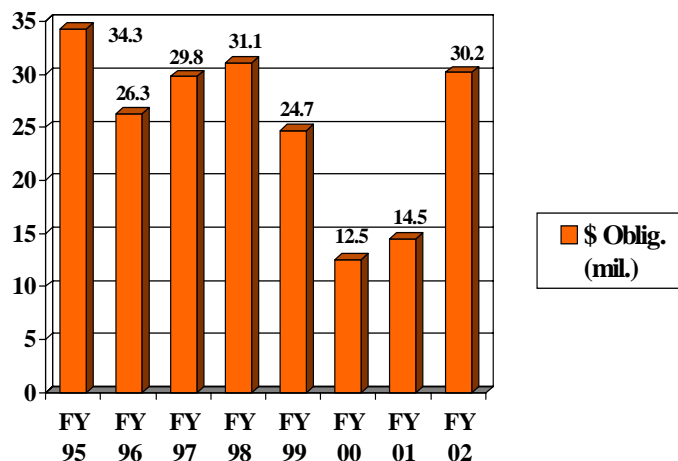
92 additional customers will be served with the approval of a \$3,005,000 subsequent loan through the Electric Program this fiscal year to the Nespelem Electric Cooperative.

Broadband Program provides financing for facilities serving rural communities of up to 20,000 inhabitants so that rural consumers in those areas may enjoy the same quality and range of telecommunications services as are

available in urban communities. Loans may be approved to finance the improvement, expansion, construction, acquisition and operation of facilities or systems to furnish or improve broadband transmission service in rural areas. The loans bear interest based on the U.S. Treasury rate for loans with comparable maturities and shall be repaid with interest within a period not to exceed ten years, or the useful life of the facilities financed.

In Washington State, Pocketinet Communications received a broadband loan in the amount of \$4,805,000. The company is "positioning itself in small to medium-sized markets where possible broadband opportunities simply will not exist for some time and go mostly underserved".

RUS INVESTMENTS IN WATER AND SEWER SYSTEMS



In the mid-to-late 90's, the state had access to additional funding due to the Pacific Northwest Timber Initiative. In the latter part of Fiscal Year 2002, the state was able to obtain increased funds due to the passage of the Farm Bill that included funding for the program's backlog nationally (see story on Page 5). The above graph reflects these additional funding sources.

EARTH DAY 2002

CELEBRATED IN COMMUNITY OF PE ELL

Pe Ell is a small town in rural west Lewis County that has seen its share of challenges. Impacted by the timber policies of the 90's, the area has struggled economically. In addition, they have been plagued with water and sewer problems. The town's water system at one time was under a Red Operating Permit from the Department of Health, as it could not provide an adequate water supply due to a 70% loss in the distribution system. The Department of Ecology placed a moratorium on any new sewer connections due to deficiencies in the wastewater collection and treatment system as well.

In recent years, through a partnership of various technical assistance and funding resources, the water system was improved. The town is now taking the opportunity to move forward with the needed improvements to the sewer facility. The Rural Utilities Service will provide a loan of \$757,400 and a grant of \$800,000 for the project. Other funding partners include the Department of Ecology and the Community Development Block Grant program, as well as an applicant contribution. The primary objective is to construct a new wastewater treatment facility with the capacity to treat the community's current and foreseeable future wastewater needs. The current wastewater treatment facility is severely undersized for the current flows and loading experienced during winter months and the peak times of day. During the wet weather months the capacity has been exceeded causing untreated effluent to flow into the nearby Chehalis River, a Class A body of water, which is a source of drinking water, recreation, and fisheries.

With the last moratorium removed upon completion of the project, the potential for economic vitality will improve significantly for the area as well. The valuable investment by this small community will reap large dividends for the environment, and potentially for economic diversification.



*Ceremonial check presented to Mayor Danny Cox and other local officials
by Tuana Jones, Public Affairs Specialist and Deborah Harper,
Rural Development Specialist*

EARTH DAY...

"All individuals and institutions have a mutual responsibility to act as Trustees of Earth, seeking the choices in ecology, economics and ethics that will eliminate pollution, poverty and violence, foster peaceful progress, awaken the wonder of life, and realize the best potential for the future of the human adventure."

-International Earth Day Site

WATER, SEWER AND...THE FARM BILL?

You may wonder what funding opportunities for water and sewer infrastructure improvements could possibly have to do with the Farm Bill. The Farm Bill of 2002, signed on May 13, 2002, is a guide for funding a variety of programs and for the first time ever, included a section on Rural Development. The Rural Utilities Service was given \$360 million dollars in budget authority nationwide, which equates to about \$750 million dollars. This was specifically to fund a large backlog of applications that were on hand as of May 13, 2002, for water and sewer projects in rural communities of 10,000 people or less. A priority was given to funding water projects. The Farm Bill also authorized funding for emergency water assistance grants if the applications were on hand as of that same date.

Washington State received an original allocation of \$20,116,000 in loan and grant funds. Due to our backlog of applications, we received \$30,234,830 in total funding for 22 water and sewer projects throughout the state. As a result of the additional Farm Bill funding, we assisted with improvements in the following communities:

City of Connell, in Franklin County, with a \$4.7 million water improvements project.

City of Ilwaco, in Pacific County, with a \$2.7 million sewer system upgrade.

Highland Water District, in Snohomish County, with projects at Friar Creek and Florence Acres for water system improvements totaling over \$1.5 million.

Town of McCleary, in Grays Harbor County, with a \$5.1 million dollar sewer system upgrade.

Husum Water Association, in Klickitat County, with an emergency water assistance grant of \$500,000 to connect to another source of water as their use of another well was terminated.

Community of Crewport, in Yakima County, received a \$185,000 emergency water assistance grant to develop a new well to replace a well that had collapsed.

The Farm Bill includes programs for Rural Development to administer over the next five years, subject to funding from Congress and in some instances, the writing of regulations for such programs as:

- Revolving funds for predevelopment grants for small water and waste projects
- Establishes a grant program for regional planning organizations, allowing emergency water assistance grants to be used for imminent threats
- Authorizes grants up to \$20 million nationwide to be used for Native American Tribes
- Authorizes agencies to accept simplified grant applications for small projects
- Training funds for fire and rescue personnel
- Priority consideration for funding rural day care centers,
- Historic barn restoration funding
- Establishing Rural Telework centers
- Extends the NOAA weather radio transmitters grants
- Expansion of the 911 emergency access
- Enhancement of access to broadband telecommunications in rural areas
- Extends funding for the Distance Learning and Telemedicine program
- Establishes a National Board on Rural America to make planning grants and innovation grants to regional investment Boards.
- Establishes an intergovernmental rural policy-working group of senior officials.



We are hopeful with the addition of a rural development component to the Farm Bill, that it will elevate the needs and concerns of rural America and make resources available to address those needs. Already, in Fiscal Year 2002, it has made over a \$10 million difference in infrastructure funding for Washington State.

Community Programs

Community Facilities

Community facilities are essential to the quality of life in rural communities. Many small communities lack the capacity to provide such facilities without assistance. USDA Rural Development, through the Community Facilities Program, seeks to ensure that these facilities are readily available to all rural Americans for strong and vibrant communities.

Community Facilities Direct Loan and Grant Program provides funding to construct, enlarge, or improve essential community facilities for health care, telecommunications, public safety, and public services in rural areas and in towns up to 20,000 in population. Funds are available to public entities such as municipalities, counties, special-purpose districts, non-profit corporations, and tribal governments. Loan repayment terms may not exceed the applicant's authority, the useful life of the facility, or a maximum of 40 years. Interest rates are based on the current yields for municipal obligations. A small amount of grant funds are allocated to the State each year and are generally used to assist with funding smaller, priority projects.

This year three direct loans totaling \$3,600,000 and grants totaling \$467,150 were obligated for essential community facilities. Of these projects, fifty percent were for fire prevention, public safety, and health related causes. Thirty percent were for educational and cultural projects, and twenty percent were for community support projects.



A Head Start class performs a song during the USDA Rural Development funding presentation to Family Services of Grant County for construction of a new facility in Moses Lake. The facility will house Head Start, as well as other essential services.

Community Facilities Guaranteed Loan Program offers loan guarantees to conventional lenders to help build essential community facilities. The eligible project types and eligible borrowing entities are the same as with the direct loan program. The population is also limited to 20,000. Rates and terms negotiated between lender and client. Loan guarantees are available for up to 90 percent of the eligible loan amount. The lender is charged a one-time guarantee fee and the charge may be passed on to the client.

Tribal College Initiative made available grant funds for essential community facilities for eligible tribal colleges listed as 1994 land grant institutions.

In FY 2002, the Northwest Indian College, located in Bellingham, received \$102,410 through the Tribal College Initiative to assist with construction of facilities to improve the campus and provide increased opportunities for Tribal students.

Economic Impact Initiative funds are targeted for essential community facility needs in communities with extreme high unemployment and severe economic depression.

Three Tribes in Washington were awarded grants totaling \$165,740. Projects included a Head Start bus for the Skokomish Tribe, a police car for the Stillaguamish Tribe, and healthcare equipment for the Quinault Tribe.



Sgt. Lee Bennett of the Newport Police Department stands beside one of the brand-new police vehicles purchased with a Community Facilities grant.



New Facility Will Allow Seniors with Declining Health to Remain in Their Home Community

The City of Chewelah is a small rural community located 45 miles north of Spokane in the Colville Valley. Many residents have lived in the area their entire lives and would never consider residing anywhere else. The sense of community pride and self-reliance is evident even to the casual visitor.

In recent years the Board of Directors of N.E. Washington Health Programs, a community based non-profit health care organization based in Chewelah, became concerned that senior citizens living in the area often had to leave the community when declining health diminished their ability to live independently. Out of this concern, the organization initiated planning for the development of a residential care facility.

In August 2002 construction of a 16 unit assisted living facility in Chewelah was begun with completion and opening scheduled for spring 2003. The facility will provide a range of residential and care services that are not currently available in the community. Residents of the facility may receive services that include meals, laundry, housekeeping, personal assistance, social and recreational activities, and medication management.



Long term financing for this project is being provided by USDA Rural Development's Community Facilities (CF) Program. The Chewelah Assisted Living Facility would not have been financially viable without the low interest rate and repayment terms available under the CF loan program.

N.E. Washington Health Programs has successfully provided a broad range of health care and related services to the rural residents of northeast Washington State since 1978. The organization currently operates six rural primary care health clinics, a dental clinic, and a home health/hospice service. The group has successfully utilized USDA Rural Development's Community Facilities financing previously for the construction of two medical clinics and an administrative office building.

PICTURED ABOVE:

LEFT PHOTO (LEFT TO RIGHT)- JACKIE J. GLEASON, USDA PRESENTS CHECK TO MIKE DUNNIWAY, EXECUTIVE DIRECTOR OF N.E. WASHINGTON HEALTH PROGRAMS; DOUG BOEFF, ARCHITECT; OTHER NEWHP BOARD MEMBERS: GENE SCHALOCK, JAELE REGIS, AND OLLIE MAE WILSON. RIGHT PHOTO- JACKIE J. GLEASON AND GENE SCHALOCK BREAK GROUND WITH CEREMONIAL GOLD SHOVELS.

Rural Housing Service

Single Family Housing

USDA Rural Development housing programs have improved the quality of life for rural residents in Washington State by ensuring access to affordable, well built homes. Homeownership promotes economic strength for families, stabilizes neighborhoods, and consequently enhances the quality of life in rural communities. By providing direct and guaranteed loans to very-low, low and moderate income individuals and families, the Rural Housing Service not only helps rural people acquire homes, it helps build better lives and communities. Rural areas include open country and communities with populations of 10,000 or less and, under certain conditions, towns and cities between 10,000 and 25,000 population.

Section 502 Homeownership Guaranteed Loan Program provides loan guarantees to approved lenders who provide loans to low to moderate-income individuals or families to purchase homes in rural areas. No down payment is required and the participating lender often includes closing costs in the mortgage. Lack of a downpayment often prevents perspective homebuyers from obtaining a loan from private lenders, but this program has greatly increased the number of rural Washington homeowners by providing loan guarantees.

This year, the Guaranteed Housing Program provided lenders with guarantees for \$22 million in housing loans to 202 low and moderate-income households, which is an increase of 15% over last year.

Section 502 Homeownership Direct Loan Program provides low and very-low income people who live in rural areas with an opportunity to own adequate but modest, decent, safe and sanitary dwellings. The program offers persons who do not currently own adequate housing, and who cannot obtain other credit, the opportunity to acquire, build, rehabilitate, and

During Fiscal Year 2002, the Direct 502 Program contributed to growth of rural Washington by providing over \$26 million to help very-low and low income clients acquire homes.

improve dwellings. Financing is available up to 100% loan-to-value. Mortgage payments are based on the adjusted household income and there is no down payment requirement.

Section 502 Homeownership Direct Loan Program with Leveraged Participation is a program that provides more opportunities for low and very-low income applicants by leveraging agency resources. A leveraged loan is a Direct 502 loan that is supplemented by a loan or grant of at least 20% from another funding source. The additional funding source may be a private lender, State or Local government, or a non-profit organization. Loans that are leveraged with other funding sources receive a processing priority.



House financed by the Direct 502 Program in S.E. Washington

Section 523 Mutual Self-Help Technical Assistance Grant Program provides assistance to qualified organizations to carry out effective programs of technical assistance which will help very-low and low income families build homes in rural areas by the mutual self-help method. A state or political subdivision, public non-profit corporation, or private non-profit corporation may qualify for the grant. Applicants identify the period of the grant, generally for two years. Under the Mutual Self-Help Program, groups of 8-12 families provide a substantial portion of the labor involved in building each other's homes, under the guidance of a construction supervisor hired by the grantee. This "sweat equity" labor contribution reduces the total cost of purchasing a home, allowing many people the opportunity of homeownership that may not be able to afford it otherwise.

In Washington State, seven grantees administered a successful mutual self-help housing program, which contributed 88 affordable housing units in FY 2002.



Apple Tree Cove Meadows subdivision in Kingston, a self-help housing development supervised by 523 Grantee, Kitsap County Consolidated Housing Authority.



“Before”

Barbara Clark’s home in Oroville was repaired with 504 Home Repair loan/grant funds, in conjunction with funding from Community Action.



“After”

Section 504 Home Repair and Rehabilitation Loan Program is for individuals and/or families who are very-low income (50% or less of the median area income), own and occupy a single family dwelling located in a rural area that is in need of repair, and are unable to obtain financial assistance from other sources. Loan funds may be used to improve and modernize dwellings, or to remove health and safety hazards. Maximum cumulative loan assistance per owner/occupant is \$20,000. The interest rate for all Section 504 loans is one percent per annum. Loan terms are based on the borrower’s repayment ability and may not exceed 20 years. Loans may be made in conjunction with Section 504 grants to those eligible and are amortized for the full 20-year term.

Section 504 Home Repair and Rehabilitation Grant Program funds may only be used to pay for costs of essential repairs and improvements to remove identified health and safety hazards. To be eligible for grant assistance, the applicant/co-applicant must meet the general requirements for the Section 504 program, as well as be 62 years of age or older and be unable to pay a loan amortized over the maximum number of years. Lifetime assistance to any owner/occupant may not exceed a cumulative total of \$7,500. The grant is subject to recapture should the dwelling be sold by the grantee or grantee’s heirs within three years of the closing of the grant.

Through the Section 504 Home Repair Program, nearly 100 individuals and families received assistance to obtain needed repairs to their homes.

Packaging Applications

Often, very-low and low income applicants need additional assistance in preparing and submitting an application. Therefore, Rural Development has enlisted the assistance of non-profit organizations to assist applicants in completing applications and in meeting the Agency’s requirements for credit history and repayment ability. Packagers are valuable resources because some refer applicants to, or provide them with, credit counseling and homebuyer education information. They also provide resources for leveraged funds.

The Rural Home Loan Partnership (RHLP) is a good example of the use of packagers in Washington State. Partnerships have been developed with several non-profit organizations around the state through the RHLP program, whereby the partner provides outreach for the Rural Development housing programs, packages the loan applications, seeks leveraged financing from their own or private lending sources, and provides home buyer counseling. In turn, Rural Development has a set aside of 502 funding specifically for the RHLP program. Non-profit organizations throughout Washington have also been very active in partnering with our agency to package and provide leveraged funding for the 504 Repair Program.

The agency successfully leveraged funding with resources from non-profit organizations and local lenders in the Direct 502 Program. Due to these partnerships, clients accessed approximately \$3 million of conventional market financing and other participating resources.

Affordable Housing Breaks into New Market

The City of Leavenworth, modeled after a Bavarian village, is a destination resort for people from around the country and in fact the world. The housing market has priced most low income residents out of ability to become homeowners.

A local organization decided to take up the cause and make affordable housing a priority. The Upper Valley MEND (Meeting Each Need with Dignity) established the **Securing Homes on Affordable Real Estate (S.H.A.R.E.)** Community Land Trust out of concerns for the rising cost of homes in the area. The community land trust uses grants and donations to purchase land and provide infrastructure needed for homes. Affordable housing is possible as the land is not sold to the individual homeowners, but leased out with long-term renewable leases. Residents are therefore only financing the cost of construction for the units. The first development was called Alpine Heights and includes ten homes. In an effort to make the homes more affordable, S.H.A.R.E. approached USDA Rural Development regarding financing for the individual homeowners. Through USDA's Single Family Housing 502 Direct Program, mortgage payments are subsidized to provide rates that are generally less than what the residents were paying for smaller rental units in the area.

The homes were completed in Alpine Heights at the beginning of this year. Each homeowner has a compelling story about how the partnership between S.H.A.R.E. and USDA Rural Development has made it possible for them to be homeowners in this high cost area. We would like to share a few of those with you...

Antonio & Alejandro Muro have four children. They had been living in a 2-bedroom farm worker housing unit as an incentive of his employment. When his two older sons came to live with them about two years ago, they decided to pursue purchasing a house as their current housing was not adequate for a family of six. Mr. Muro wanted a different career because orchard work was seasonal and did not derive enough income to support a large family. He began working for the Insulation Man, which is a more stable job. Mrs. Muro works on occasion as a babysitter. They have been very happy with USDA Rural Development's housing program. Compared to the conditions they were living in previously, this home provides them with ample room for a growing family. "The program is fantastic as we never thought we would be able to buy a house," stated the Muros.



Carl & Grace Florea moved to Leavenworth three years ago to be near their son and his family. Upon moving to Leavenworth, they were renting a small apartment for \$485 per month. Mrs. Florea suffers from Alzheimer's so she must have someone with her at all times. When they were able to obtain a caregiver for several hours per day, Mr. Florea began a job driving a school bus. They now have a two-bedroom house with payments less than the amount they paid for rent previously. The benefits to owning their home is the yard – they LOVE yard work! They also like the patio where they can sit and enjoy their view of the valley. The couple, married 52 years, feel so fortunate to be able to live here and listen to kids playing. Mr. Florea said his experience in buying this house has been very rewarding. He is very thankful for all the help.



Laura Lopez moved to Leavenworth in 1990. She married in 1993 and moved into farm worker housing with her husband. She applied for permanent residency in 1994. Eventually she and her husband bought an old run-down mobile home and placed it on a rental lot. She was granted a divorce in 1997 due to domestic violence. At that time the trailer was in very bad shape, but she maintained it on her own for four years as best she could. She lived in fear every day that her floor would finally give way or her roof would cave in. She heard about S.H.A.R.E. through a dear friend who had helped her finish her application for residency and then helped her find a better place to live. Currently, Ms. Lopez works as a maid at one of the local hotels. She is very happy with her home and feels safe and secure.



National Homeownership Month

USDA Rural Development declared June as National Homeownership Month. In Washington we highlighted the benefits of homeownership by celebrating in a variety of ways throughout the state.

The housing programs that are part of the Rural Housing Service began with the Housing Act of 1949. The Act sought to make homeownership available to families in rural areas. While serving only farm owners until 1961, the program is now available to any low income rural resident who qualifies. The housing programs include direct and guaranteed loans for home acquisition, as well as a repair program for existing very-low income homeowners. The agency's Mutual Self-Help Housing program enables families to build their own homes by providing technical assistance grants to non-profit groups to manage the equity-building projects. USDA Rural Development helps communities strengthen their neighborhoods through homeownership.



State Director Jackie J. Gleason addresses group celebrating Homeownership Month in Sunnyside. The event was hosted by LaClinica.



Ribbon cutting event (shown above) to celebrate the completion of homes for a self-help housing group in Kingston, supervised by Kitsap County Consolidated Housing Authority.



Work Day, hosted by Housing Hope, at the Bluff at Arlington subdivision drew a large crowd.



The Port Angeles Local Office staff (shown left) provided an information booth at the annual Kitsap County Homeownership Fair.

The MountVernon Local Office staff hosted a Homeownership Fair and invited other housing advocates to participate.

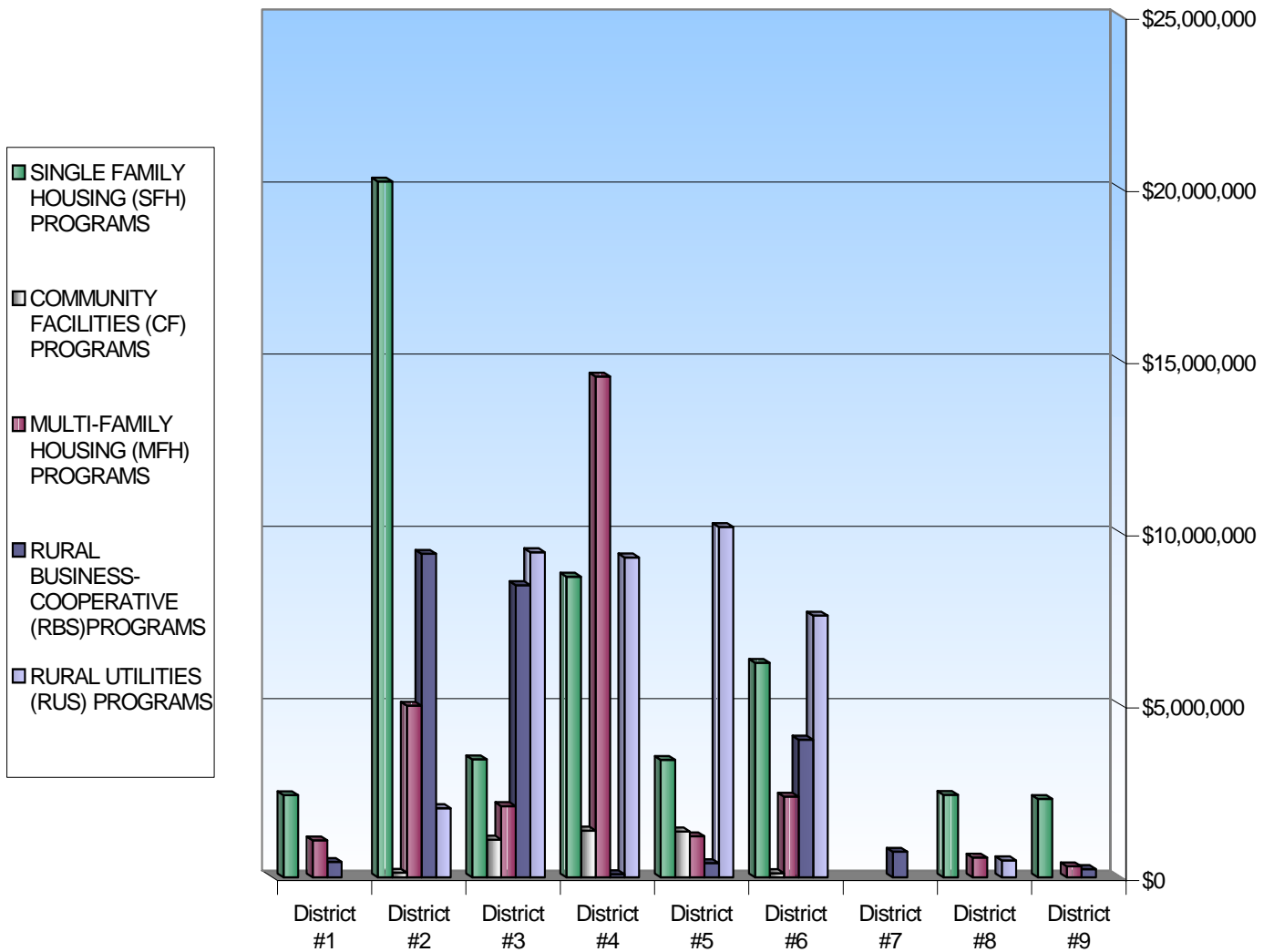


Single Family Housing Program Director, Gayle Hoskison (left), assists with landscaping at self-help project in Battleground. The Work Day event was hosted by Lower Columbia Community Action Council.

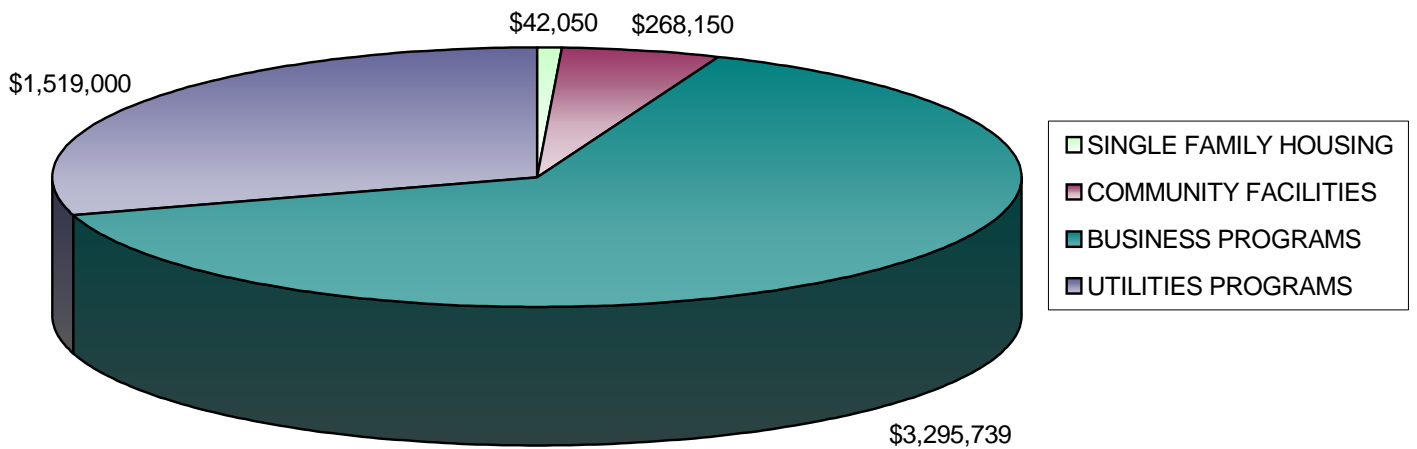
USDA RURAL DEVELOPMENT FINANCIAL INVESTMENTS BY COUNTY

COUNTY	Single Family Housing Programs	Multi Family Housing Programs	Community Facilities Programs	Rural Utilities Programs	Rural Business- Cooperative Programs	TOTAL \$ OBLIGATED ALL PROGRAMS
Adams	\$7,500			\$105,000		\$112,500
Asotin	\$7,500				\$47,500	\$55,000
Benton	\$128,775	\$306,747			\$21,616	\$457,138
Chelan	\$639,550	\$721,559				\$1,361,109
Clallam	\$2,432,533	\$1,412,109			\$3,697,100	\$7,541,742
Clark	\$2,546,135					\$2,546,135
Columbia				\$38,855		\$38,855
Cowlitz	\$87,550					\$87,550
Douglas	\$286,450				\$20,000	\$306,450
Ferry	\$20,000	\$250,146		\$2,834,850		\$3,104,996
Franklin		\$3,519,180		\$4,500,000		\$8,019,180
Garfield						\$0
Grant	\$2,274,550	\$4,914,343	\$1,235,000	\$3,834,330		\$12,258,223
Grays Harbor	\$404,990	\$632,997	\$95,240	\$5,015,320	\$7,444,100	\$13,592,647
Island	\$2,185,766	\$990,891				\$3,176,657
Jefferson	\$159,883			\$3,727,250		\$3,887,133
King	\$556,250	\$321,354		\$500,000	\$750,000	\$2,127,604
Kitsap	\$3,315,000	\$1,327,275			\$446,468	\$5,088,743
Kittitas	\$657,574	\$306,747	\$96,000			\$1,060,321
Klickitat	\$127,385	\$76,968	\$30,000	\$500,000		\$734,353
Lewis	\$153,350	\$812,376		\$2,963,000	\$793,743	\$4,722,469
Lincoln	\$80,320				\$145,000	\$225,320
Mason	\$1,912,630		\$33,075		\$300,000	\$2,245,705
Okanogan	\$1,639,452	\$489,195		\$3,005,000	\$100,000	\$5,233,647
Pacific	\$241,455		\$1,100,500	\$1,633,500	\$249,000	\$3,224,455
Pend Oreille	\$251,300	\$484,785	\$37,500			\$773,585
Pierce	\$2,823,400	\$914,894			\$90,020	\$3,828,314
San Juan	\$361,370	\$1,157,328				\$1,518,698
Skagit	\$3,090,340	\$1,209,996		\$644,000	\$5,806,700	\$10,751,036
Skamania	\$100,000	\$634,986				\$734,986
Snohomish	\$8,949,221	\$1,402,272	\$37,425	\$1,371,530	\$99,467	\$11,859,915
Spokane	\$714,916	\$163,400				\$878,316
Stevens	\$1,748,055	\$246,068	\$1,300,000	\$2,391,050	\$49,804	\$5,734,977
Thurston	\$1,777,220	\$335,961		\$235,000	\$150,000	\$2,498,181
Wahkiakum						\$0
Walla Walla	\$13,930			\$4,805,000	\$98,800	\$4,917,730
Whatcom	\$5,606,341	\$230,697	\$102,410		\$3,440,000	\$9,379,448
Whitman	\$568,565	\$57,519			\$75,000	\$701,084
Yakima	\$3,216,370	\$4,208,446		\$925,600		\$8,350,416
Total \$ Spent	\$49,085,626	\$27,128,239	\$4,067,150	\$39,029,285	\$23,824,318	\$143,134,618

PROGRAM DOLLARS SPENT BY CONGRESSIONAL DISTRICT



TOTAL FUNDING TO NATIVE AMERICAN TRIBES AND MEMBERS



Rural Housing Service

Multi-Family Housing

USDA Rural Development provides the Federal Government's primary programs addressing America's need for affordable rural housing. These programs provide low income families and individuals, that cannot afford to purchase a home or who choose to rent, with safe housing in an apartment setting. Suitable, affordable housing is essential to the vitality of rural communities. Rural Development makes direct mortgage loans to build affordable multi-family housing in rural communities with populations of 20,000 or less. Rural Development also guarantees loans made by conventional lenders for the same purpose. Frequently, the funds provided through these programs are used in conjunction with funds provided from other capital sources, such as state and local agencies, bond financing, and tax credits.

Rural Rental Housing Program (Section 515) provides loans to corporations, partnerships, non-profit organizations, individuals, cooperatives, Native American tribes and public agencies to construct affordable housing in rural areas for low income citizens. The loans have an interest rate as low as one percent. Almost 90 percent of the tenants of these properties have incomes below 50 percent of the median income for the areas in which they live. Housing under the program is available to families, persons 62 years of age and older, and persons with disabilities. All Section 515 tenants must have very-low, low, or moderate incomes.

Washington State Multi-Family Housing Programs assisted more than 9,440 family, elderly, and farm labor households in FY 2002.

Rural Rental Housing Guaranteed Loan Program (Section 538) guarantees loans for affordable rural rental housing made by eligible conventional lenders. This relatively new program, that started in 1996, provides loan guarantees for the construction, acquisition, or rehabilitation of rural multi-family housing. The program serves low to moderate income tenants, thus complementing the Section 515 Program that primarily serves very-low income residents.

Rental Assistance Program (Section 521) provides a rental subsidy for many of the tenants in Rural Rental and Farm Labor Housing complexes. Tenants living in rental assistance units pay no more than 30 percent of their income in rent and USDA Rural Development provides the remainder up to the basic rent amount. Our housing resources are directed towards the population with the greatest need, with the priority for occupancy being given to very-low income households and to those living in sub-standard housing.

USDA Rural Development provided more than \$17,000,000 in rental assistance to 990 households during the past year.

Farm Labor Housing Programs (Section 514/516) provide assistance to build housing for both migrant and year-round farm workers. Rural Development is the only national source of construction funds for dedicated farm labor housing. The Farm Labor Housing programs provide low-interest loans and grants to public or non-profit agencies or to individual farmers to build affordable rental housing for the farm workers. Most of the housing developments built through these programs are off-farm rental units available to eligible farm workers of any farming operation; however, a small number of on-farm units are built each year as well.

One Farm Labor Housing project, Heritage Glen (pictured below), was completed this year, providing 35 units of affordable housing for farm workers in East Wenatchee.



Housing Preservation Grant Program (Section 533) provides grants to state agencies, units of local government, Native American tribes, and non-profit



"Before"



"After"

Whitman County Community Action Council assisted a homeowner in Oakesdale in leveraging resources from the agency's HPG Program, the HOME Program, and conventional financing to complete major repairs.

organizations for the repair or rehabilitation of housing occupied by very-low and low income residents. Those assisted must own the low income housing, either as homeowners, landlords, or members of a cooperative. Since grantees usually receive blocks of funds that they spend in a specific geographic area, this program not only helps provide individuals with better homes, but also can revitalize entire communities. Section 533 grants are almost always leveraged with resources from state governments and grants from private organizations.

Suncrest Senior Computer Learning Center



The beautiful community of Sequim is located on the Olympic Peninsula of Washington State. The area is a favorite among retirees due to the mild climate and surprising lack of precipitation, which is attributed to the community being located in a "rain shadow" of the Olympic Mountain range.

The location of senior apartment complex would then seem ideal in this setting. Now Suncrest Apartments has one more draw to boast about, a

computer learning center for their residents, as well as other seniors in the area. The Suncrest Senior Computer Learning Center opened officially in March of 2002. The project is the first of its kind in the State of Washington. The center offers free computer access and instruction for all local seniors, 62 years of age and older. The computer center is the result of collaboration between Digital Promise, a non-profit organization, Legacy Management Group and Shelter Resources, along with the Washington State Housing Finance Commission and USDA Rural Development.

Joseph B. Diehl, the president of Digital Promise, commented that, "The grand opening of the Suncrest Senior Computer Learning Center is a major milestone in our effort to close the 'digital divide' in smaller communities. Historically, we've focused on larger urban areas, with over 50 centers like this in the major cities around the state. Bringing computer access and connectivity to the Internet to the senior population here in Sequim represents the first step of a major new initiative for our organization and our partners," concluded Diehl.

According to Suncrest's manager, Jerry Brummel, "Computers, laptops, printers, software, desks, chairs, and even shelving and a file cabinet were all donated for the center. A whole lot of people and organizations have been donating their time and expertise for this project since last summer... We're hoping every senior in the community who wants to learn, or learn more, about using computers will take advantage of what we have here."

Suncrest Apartments, owned by Suncrest Associates and managed by the Legacy Management Group, is financed in part through USDA's Multi-Family Housing (MFH) Program. Robert Lund, director of the program in Washington State, is enthusiastic about the computer learning center project. "This is the first of its kind for a Rural Housing Service property in Washington State and opens the doorway for future centers to be established at some of our other senior and family properties," stated Lund.

A goal of the Rural Housing Service for several years has been to improve MFH tenants' quality of life and self-sufficiency by providing "on-site" services. Examples of such services include computer training, reading programs for children, resume preparation for job seekers, location of job vacancies, job development and/or readiness opportunities, health and social services, physical fitness classes, meals on wheels for seniors, and life skills education. The Suncrest Senior Computer Learning Center is one milestone accomplishment toward meeting the agency's goal and the partners involved should be proud of their efforts.

Rural Business-Cooperative Service

USDA Rural Development, acting through the Rural Business-Cooperative Service (RBS), strives to build competitive businesses and sustainable cooperatives that can prosper in the global marketplace. RBS administers funds to provide loan guarantees, revolving loan funds, business development grants, and technical assistance grants to create and maintain employment and improve the economic climate in rural communities.

Business and Industry Guaranteed Loan Program provides loan guarantees up to 80 percent of the loan made by commercial lenders or other authorized lenders. The businesses must benefit rural areas of less than 50,000 population. Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. Typically the guaranteed loan amount per project is between \$3 to \$5 million. Rates and terms are negotiated between the lender and the client. By expanding the private credit structure capability, the agency creates and maintains employment, improves the economic climate and provides lasting community benefit.

In Fiscal Year 2002, the agency obligated eleven Business and Industry loan guarantees totaling over \$20 million and creating and/or saving 430 jobs.



Congressman Rick Larsen (center) shown with representatives of Skagit State Bank, James Bishop (left) and James Bishop II (right) at tour of the Washington Alder facility in Mount Vernon. A Business & Industry Loan Guarantee was issued to Skagit State Bank on the plant this year, which employs 98 people.

Intermediary Relending Program lends funds to economic development organizations, who in turn provide loans to recipients who are developing business facilities or community development projects. The intermediaries lend out the funds at reasonable rates and terms for projects located in rural areas and cities with a population of 25,000 or less. Loans up to \$150,000 are available to ultimate recipients, with loans of up to \$250,000 available under certain conditions.

In Washington State, there are eight intermediaries who administer revolving loan funds capitalized by the Intermediary Relending Program. A loan was obligated this fiscal year to a new intermediary, Affiliated Tribes of Northwest Indians, who will serve the Native American community, and a subsequent loan was made to an existing intermediary, The Lending Network, for \$750,000 to further capitalize their fund.



Chukar Cherries, an ultimate recipient of the Intermediary Relending Program, has several retail outlets for their value-added products.

Rural Business Enterprise Grant Program provides grants to public bodies, private non-profit corporations, and Federally recognized Indian Tribes to finance and facilitate development of small and emerging private business enterprises located in rural areas and in cities of 50,000 or less. Grant funds can be used for technical assistance; purchasing machinery and equipment to lease to small and emerging businesses; creating a revolving loan fund; or constructing a building for a business incubator for small and emerging businesses; and other such activities.

In Fiscal Year 2002, RBS utilized 100% of the Washington State allocation in providing four Rural Business Enterprise Grants totaling \$433,000. Two additional projects were funded, totaling \$545,935, through monies maintained in the National Office Reserve.

Rural Business Opportunity Grant Program is to promote sustainable economic development in rural communities with exceptional needs. Grant funds are available to public bodies, non-profit corporations, Indian Tribes, or cooperatives with members that are primarily rural residents. The funding may be used for economic planning for rural communities, technical assistance for rural businesses, or training for rural entrepreneurs or economic development officials. This assistance is available in rural areas that are not within the boundaries of a city with a population of more than 10,000.

In Fiscal Year 2002, two Rural Business Opportunity Grants were funded totaling \$99,804. The recipients competed nationally for the funding.

Rural Economic Development Loan and Grant Program provides zero-interest loans and grants to electric and telephone utilities financed by the Rural Utilities Service to promote sustainable rural economic development and job creation projects. Loans are made primarily to finance business start-up ventures and business expansion projects. The grants are made to the utilities to establish revolving loan fund programs operated at a local level by the utility.

Rural Cooperative Development Grant Program provides grant funding to non-profit corporations and institutions of higher education for the purpose of establishing and operating centers for rural cooperative development. The program facilitates the creation or retention of jobs in rural areas through the development of new rural cooperatives, value-added processing, and rural businesses. Grants may be used to pay up to 75% of the costs of carrying out relevant projects.

Value-Added Agricultural Product Market Development Grant Program (VADG) is a competitive grant fund for fiscal year 2002 to help independent agricultural producers enter into value-added activities. Eligible independent producers, agricultural producer groups, farmer or rancher cooperatives, and majority-controlled producer-based business who are interested in the competitively

awarded grant to fund one of the following two activities: (1) Developing feasibility studies or business plans (including marketing plans or other planning activities) needed to establish a viable value-added marketing opportunity for an agricultural product; or (2) acquiring working capital to operate a value-added business venture or an alliance that will allow the producers to better compete in domestic and international markets are encouraged to consult our website.

Washington State received \$1,174,579 grant funding for 11 of 26 applicants who applied, placing us 6th in the nation as far as number of projects selected.



Congressman Richard "Doc" Hastings (left) assists State Director Jack Gleason in a ceremonial check presentation of a Value-Added Agricultural Product Market Development grant to American Produce, LLC

Cooperative Services Program goal is to expand knowledge of the cooperative method of conducting business. The program helps rural residents form new cooperatives and improve the operations of existing ones. USDA does this by providing technical assistance, conducting cooperative related research, and producing a wide variety of information products to promote public understanding of cooperatives.

USDA Rural Development dedicates one full-time position for cooperative development work in Washington State. Twenty-three cooperatives and potential cooperatives received technical assistance in Fiscal Year 2002.

"Cooperatives are user-driven businesses that have contributed greatly to the development of one of the world's most productive and scientific-based agricultural systems."

- Agricultural Cooperatives in the 21st Century
November 2002

Enfield Farms, Inc.

The family first got involved in berry farming in Whatcom County in the 1940's when Linda's father and grandfather came to the area from Missouri. They farmed strawberries back then. Marvin Enfield started his own berry farm with 17 acres. He chose to farm raspberries with the advent of the Harvester machines, which revolutionized the harvesting of the crop and dramatically reduced labor time and costs. Today Enfields raise 450 acres of raspberries and 125 acres of blueberries.

Marvin and his wife, Linda, have implemented many improvements to their operations over the past decade, above and beyond the increase in acreage. They installed drip irrigation for both the raspberry and blueberry plantings and invested in higher quality harvesting machines. The family is involved in a nursery, which grows raspberry stock for their use as well as other growers. Other capital improvements have included a new office building and a luncheon facility for their employees.

They first began processing berries with the Instant Quick Freeze (IQF) system in 1994, sharing a processing line with two other producers. Now the plant is used solely for processing their own berries. The Enfields' processing plant, like the others in the area, had been dipping their produce in nitrogen to freeze it. Last year they became frustrated with the lack of availability, reliability, and the expense of nitrogen. During peak processing time they would need an average of 4 tanker trucks of nitrogen per day. They lost production during the times when they could not secure enough nitrogen to continue operations. Marvin Enfield, company founder and president, said they just could not afford to pack the berries last year. That is when they decided to convert their process to a mechanical freezing system using ammonia refrigeration. With the liquid nitrogen system, the nitrogen was actually used up in the process. This is not the case with the new system, which uses compressors to pressurize the ammonia and disperse it through coil fins as a coolant. Fans blow along the outside of the fins and cool the air, which in turn freezes the product. The new system is much more efficient and capable of producing greater volumes.

Enfields approached Northwest Farm Credit Services to finance the conversion of the freeze line process. Farm Credit Services in turn came to USDA Rural Development with an application for a loan guarantee under the Business and Industry Program. With the guarantee the lender was able to offer reasonable rates and terms for the company to make the conversion and to complete it in time for this year's processing season. Enfields are one of the few farmers in the area to utilize the ammonia based refrigeration system rather than utilizing nitrogen for the freezing process. The new IQF tunnel is capable of processing 10,000 pounds of raspberries per hour, twice the rate of the nitrogen system.

The new IQF process is more efficient, economical, and the finished product is more valuable. The process takes ten minutes, with the temperature dipping down to 29 degrees below zero as the berries pass through the freezer unit. The company processed 800,000 pounds of IQF last year and is striving for a goal of 2 million pounds this season. Those berries that crumble or are too soft to package for the IQF customers are put into drums. The drums are then shipped to companies to make into jam and other products, such as juice. The bulk produce only brings in half the price of the high quality packaged frozen berries.

Marvin and Linda, doing business as Enfield Farms, Inc., employs 16 people full-time, and 250 seasonal employees to prune and tie the plants and to harvest and process the berries. The family farm has grown and their advancements in the berry farming industry have had a positive impact on the community at large.



President of company, Marvin Enfield, inspects frozen berries (shown at left)



Photos show progression from harvesting the berries in the field through the processing line and freezer unit to packages on pallets ready to ship



Washington Co-ops Support Renewable Energy Movement

“America must have an energy policy that plans for the future, but meets the needs of today, I believe we can develop our natural resources and protect our environment,” stated President George W. Bush. The administration has affirmed their commitment to renewable energy through many programs introduced in the past year, several being administered through the U.S Department of Agriculture.

USDA Rural Development in Washington State has been involved in renewable energy projects and one in particular combines the agency’s commitment to energy with that of using the cooperative business model. For the past couple of years USDA Rural Development has provided financial assistance to the Northwest Cooperative Development Center (NWCDC). The center in turn provides technical assistance and support to existing and prospective cooperatives. Last year the Last Mile Electric Cooperative was one of three energy-related projects selected for intensive support from the NWCDC.

Last Mile Electric Co-op, launched just a year ago to help fill in the holes in the grid by bringing distributed generation to remote homes and farms, has rapidly expanded its membership – and its mission, according to Aaron Jones, former General Manager of the Washington Rural Electric Cooperative Association.

“When we first got into this, it looked like fuel cells were going to be the first things out of the box,” Jones said. “Now wind is looking to be in the forefront.”

So Last Mile and its 17 members are looking hard at both large and small wind generators. Tests of some 10-kilowatt models, with enough capacity to power a large residence or small farm, will begin this summer, he said.

“We’ll be testing how they interface into a rural electric system or rural electric grid,” Jones said, “allowing some co-ops to install them and see if they’re comfortable with the technology. It’ll give several co-ops an opportunity to get familiar with wind. We think it’ll be very positive, but until you really do some of these things, it’s a guessing game.”

Jones continued, “Last Mile is also helping to guarantee that co-ops have a stake in the next likely combination of renewables, as new hydropower projects are developed in tandem with the state’s burgeoning wind energy industry. Hydro is just a big battery – you store water behind the dam and use it when you need it. The wind blows when it blows. We want to have the luxury of using wind when it’s blowing and hydro when it’s not. We had to be in position to benefit from that. We missed the boat when hydro was developed in the Northwest. We can’t afford to miss it again when the next economically feasible renewable resource is developed.”

The Last Mile Electric Cooperative intends to install up to ten small wind turbines on farms and ranches serviced by public utilities. With their efforts they hope to demonstrate that distributed, locally owned wind turbines are a feasible and cost effective means to produce power to meet local loads.

“While a national energy policy has a vitally important impact on agriculture, there is also an opportunity for agriculture to be part of the solution as we look for ways to meet the needs of our country,” according to Secretary of Agriculture Ann Veneman. We wish the Last Mile Electric Cooperative success as they bring agriculture and energy partners together to explore new alternatives for our future in the Pacific Northwest.

Office of Community Development

USDA Rural Development's Office of Community Development (OCD) administers the Rural Community Development Program. This effort promotes self-sustaining, long-term economic and community development in areas of pervasive poverty, unemployment, and general distress. The help includes technical assistance and support in obtaining additional financial resources and assistance in forging local and regional partnerships. Locally, Washington State has staff dedicated to OCD efforts, which serve two Enterprise Communities (EC's), one Champion Community, and four Rural Community Advancement Program (RCAP) communities.

Champion Community Program invites all communities that have applied for EZ/EC designations, but were unsuccessful, to continue implementing their strategic plans through a partnership agreement with USDA. USDA Rural Development and other Federal agencies have targeted funds and other assistance to Champion Communities. USDA Rural Development also sponsors conferences to train Champion Community leaders and promote idea-sharing and networking among communities.



Wellpinit Health Care Center Grand Opening on Spokane Indian Reservation, a site within the Five Star Enterprise Community

Empowerment Zone (EZ) and Enterprise Community (EC) Program is designed to afford communities real opportunities for growth and revitalization. The framework of the program is embodied in four key principles: economic opportunity, sustainable community

development, community-based partnerships, and strategic vision for change. There have been three rounds of competition to be selected as an EZ or EC, which allows the communities access to technical support and funding opportunities. Washington State has two Enterprise Communities, which are the Lower Yakima County Rural Enterprise Community and the Five Star Enterprise Community.

LOWER YAKIMA COUNTY RURAL ENTERPRISE COMMUNITY

The Lower Yakima County Rural Enterprise Community (LYCREC) played a pivotal role in delivering 700 new jobs to the Yakima Valley. A \$200,000 grant for water, sewer lines and road improvements made it possible to bring the Wal-Mart Corporation and an \$18 million dollar payroll to Grandview, Washington. The \$40 million dollar distribution center provides a much-needed boost to the struggling economy. The Yakima Valley, like all agriculture-dependent regions, has been hit hard in recent years. In addition to providing jobs, the company will pay over \$550,000 annually in property taxes.

The victory came after months of behind-the-scenes efforts by city, county and state officials. Wal-Mart had whittled down its list to two possible locations. The grant from LYCREC went a long way to tipping the scales in Grandview's favor. If the experience of other communities that have landed big distribution centers plays out here, Wal-Mart is just the first of many companies that will see the benefits of locating in the Yakima Valley.

The Lower Yakima County Rural Enterprise Community was established in December 1994 when the Sunnyside/Grandview area was selected as a recipient in Round I of USDA's Enterprise Zone/Enterprise Community Program. This project is one of the most significant to date in terms of wide-reaching, economic implications. The people of the Rural Enterprise Community can take pride in knowing that they have helped plant the seed to make life a little better for themselves and their neighbors.

FIVE STAR ENTERPRISE COMMUNITY

A group of mothers in Newport, who were concerned about a lack of arts programming in the local schools decided to “CREATE” their own opportunities for their children, and the community at large. The idea grew into an organization that provides opportunities for local performers, artists and community members to come together to share artistic expression and appreciation through concerts, classes, dances, lectures, workshops and theatre productions. CREATE is a nonprofit, community arts organization located in a northeast Washington community of 2000 residents.

The main building to house CREATE was purchased in the summer of 1998. The organization became so successful and gained so much community support that they started a new project to enlarge the existing building, and install a new handicap accessible ramp and a handicap accessible restroom. The funds to purchase and eventually remodel the building came from the Five Star Enterprise Community, 700 hours of volunteer labor, a grant from Building for the Arts, and nonprofit and community donations. CREATE’s programming is coordinated by its volunteer base of more than 50 volunteers and two part-time staff.



CREATE Facility Before and During Remodel Process

USDA RURAL DEVELOPMENT IMPROVES ACCESS FOR LIMITED ENGLISH SPEAKERS

USDA Rural Development has improved access to Federal programs for people who are not proficient in English in Washington State.

An August 2000 Presidential Executive Order 13166 ordered Agencies to prepare a plan to take reasonable steps to improve access to Federally conducted and Federally assisted programs for eligible limited English proficient (LEP) customers. Washington Rural Development was the first State in the nation to prepare and implement such a plan.

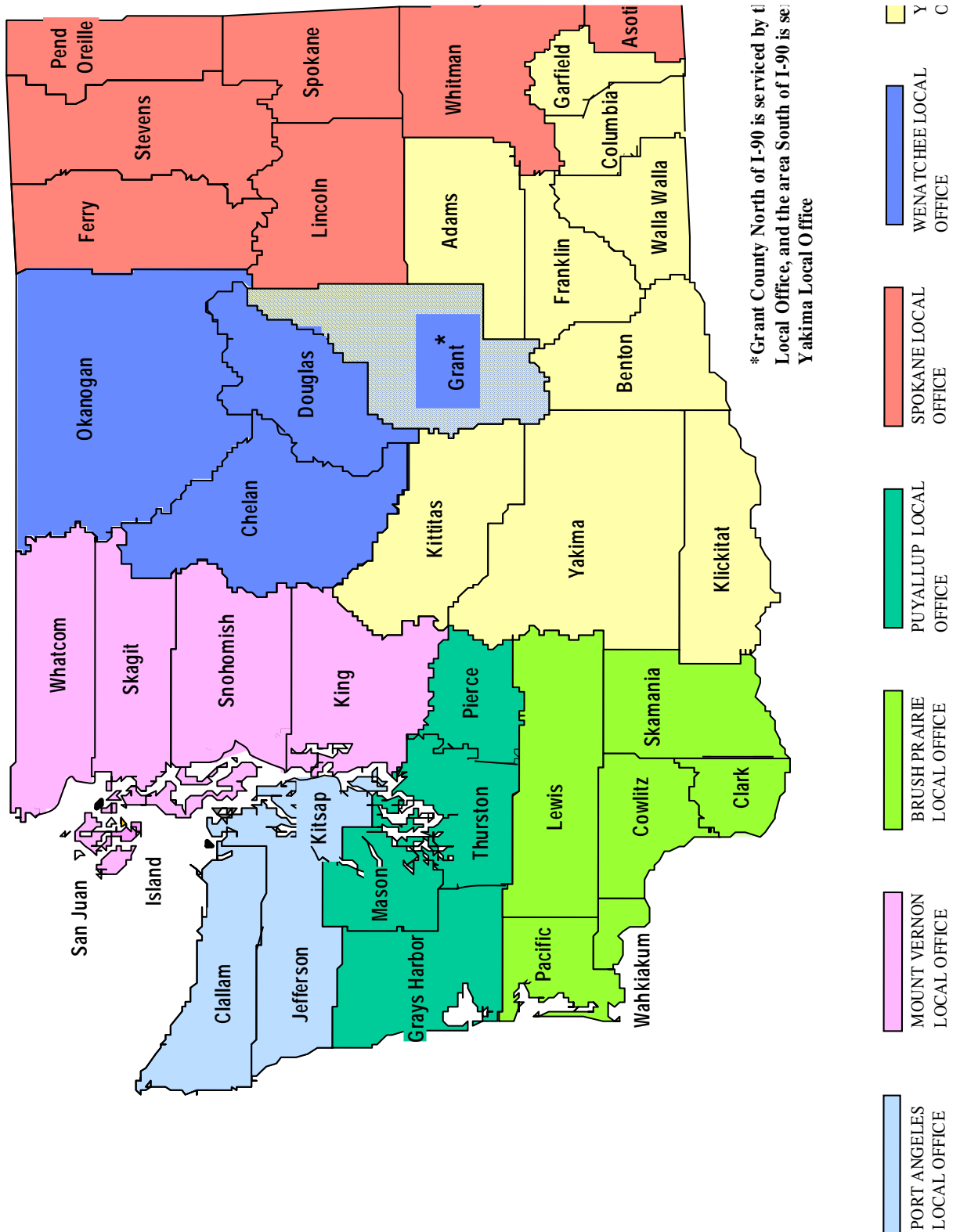
Most people who access USDA Rural Development programs read, write, and speak English; however, there are eligible customers for whom English is not their primary language. The 2000 Census indicates that 11% of the U.S. population speaks Spanish at home. In Washington State, there are growing numbers of eligible program participants whose primary language is either Spanish or Russian. USDA Rural Development has been tracking contact with LEP customers on a monthly basis. Over a recent four-month period staff in had contact with 94 LEP customers, 26 were Spanish-speakers and 68 were Russian-speakers.

Failure to take reasonable steps to assure meaningful access to USDA Rural Development programs may deny these and other customers access to benefits and services for which they qualify. In addition, such failure to assure meaningful access may violate Title VI of the 1964 Civil Rights Act. Title VI prohibits discrimination on the basis of race, color, or national origin in Federally funded programs or activities.

Most LEP customers utilize a friend or relative who is proficient in English to interpret for them. To better serve those who do not have access to someone who is proficient in English, Washington has contracted with a professional services firm to provide interpretation services by phone to assist Rural Development staff with LEP customers. In addition, USDA Rural Development has benefited from interpretation services provided free of charge by community-based organizations.

Accessing USDA Rural Development’s website in Washington has also become easier for LEP customers. Individuals can now choose to have program information translated into multiple languages with the click of a mouse. The service is available by accessing the website at www.rurdev.usda.gov/wa and clicking on the “Translate” button.

Single Family Housing Program Service Areas



Washington State

USDA Rural Development Offices

USDA RURAL DEVELOPMENT STATE OFFICE

1835 Black Lake Blvd SW, Ste B
Olympia, WA 98512-5715
Ph: 360-704-7740 Ext 5; Fax: 360-704-7742
TTY: 360-704-7760

PUYALLUP LOCAL OFFICE

Puyallup Executive Park
1011 E. Main, Ste 106
Puyallup, WA 98372-6768
Ph: 253-845-0553 Ext 4; Fax: 253-770-2274
TTY: 253-845-0553

BRUSH PRAIRIE LOCAL OFFICE

11104 NE 149th St, Bldg C, Ste 300
Brush Prairie, WA 98606-9405
Ph: 360-883-1987 Ext 4; Fax: 360-885-2284
TTY: 360-704-7760

SPOKANE LOCAL OFFICE

1908 N. Dale Lane
Spokane, WA 99212-2445
Ph: 509-924-7350 Ext 4; Fax: 509-924-7787
TTY: 509-664-0205

MOUNT VERNON LOCAL OFFICE

2021 E. College Way, Ste 216
Mount Vernon, WA 98273-2373
Ph: 360-428-4322 Ext 4; Fax: 360-424-6172
TTY: 360-845-0553

WENATCHEE – COMMUNITY PROGRAMS DIVISION OFFICE

Ste 314, 301 Yakima St
Wenatchee, WA 98801-2990
Ph: 509-664-0210; Fax: 509-664-0202
TTY: 509-664-0205

OLYMPIA – SINGLE FAMILY HOUSING PROGRAM DIVISION OFFICE

1835 Black Lake Blvd SW, Ste C
Olympia, WA 98512-5716
Ph: 360-704-7760; Fax: 360-704-7775
GUARANTEED LOAN CENTER Fax: 360-704-7718
TTY: 360-704-7760

WENATCHEE LOCAL OFFICE

Ste 314, 301 Yakima St.
Wenatchee, WA 98801-2990
Ph: 509-664-0223; Fax: 509-664-0202
TTY: 509-664-0205

PORT ANGELES LOCAL OFFICE

111 E. Third St, Ste 2C
Port Angeles, WA 98362-3020
Ph: 360-452-8994 Ext 4; Fax: 360-452-5088
TTY: 360-704-7760

YAKIMA – BUSINESS & COOPERATIVE PROGRAMS DIVISION OFFICE

1606 Perry St, Ste E
Yakima, WA 98902-5787
Ph: 509-454-5743 Ext 5; Fax: 509-454-5682
TTY: 509-664-0205

PUYALLUP – MULTI-FAMILY HOUSING PROGRAM DIVISION OFFICE

Puyallup Executive Park
1011 E. Main, Ste 306
Puyallup, WA 98372-6775
Ph: 253-845-9272 Ext 5; Fax: 253-845-9106
TTY: 253-845-9272

YAKIMA LOCAL OFFICE

1606 Perry St, Ste D
Yakima, WA 98902-5798
Ph: 509-454-5740; Fax: 509-454-5682
TTY: 509-664-0205



**USDA Rural Development
State Office
1835 Black Lake Blvd SW, Suite B
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